

MINUTES
June 6, 2002

Seattle City Employees' Retirement System
Regular Board Meeting

Thursday, June 6, 2002 - 9:30 a.m.
Seattle Metropolitan Credit Union
Conference Room – 3rd Floor

Present: Dwight Dively, Jim Fletcher, Lou Walter, John Curtin and Frank Mathews.

Absent: Jan Drago and Norma McKinney.

Also Present: Mary Norris – ARSCE, Ed Kidd – ARSCE, Ken Leask – ARSCE, Eddie Haw – ARSCE, Russ Teller – ARSCE, Jess Tapp – ARSCE, Walt North – ARSCE, Ken Hunich – ARSCE, John D. Love – ARSCE/Transit, Kirk Jones – ARSCE, Bill Farrell – ARSCE, Barbara Guptill – ARSCE, Roger Howeiler – ARSCE, Mel Robertson and Norm Ruggles.

Upon motion by Dwight Dively, seconded by Lou Walter, the Retirement Board appointed Jim Fletcher to serve as Chair in the absence of Jan Drago.

Public Comment: Eddie Haw thanked the Board for the coffee and donuts. Kirk Jones acknowledged Jim Fletcher's service on the Board and thanked him. Since Jim's term of office is expiring, Norm presented Jim with a plaque and thanked him for his six years of service on the Board.

Minutes:

Norm said Kirk Jones pointed out that the year of the three 19-b active service deaths on page 2 of the minutes should be amended from 2002 to 2001.

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board approved the minutes from the May 9, 2002 Retirement Board meeting as amended.

Ratification of Retired Payroll, Office Payroll, other Billings and Withdrawals:

Information: The following items represent normal expenses and nothing extraordinary.

Service	\$ 4,640,377.03
Disability	51,509.02
Beneficiary	585,661.37
Pension Payroll – May 2002	\$ 5,277,547.42
Office Payroll - pay period ending April 23, 2002	\$ 22,674.40
Office Payroll - pay period ending May 7, 2002	\$ 22,528.58
Office Payroll - pay period ending May 21, 2002	\$ 21,193.51

Vouchers Processed - from April 24, 2002 through May 27, 2002 **\$ 280,692.60 ***

* \$ 234,480.57 Expert and Consultant Services

Upon motion by Dwight Dively, seconded by Lou Walter, the Board ratified the Retired Payroll, Office Payroll, other Billings and Withdrawals.

Immediate Withdrawal of Contributions

<u>Member</u>	<u>Department</u>	<u>Position</u>
Bair, Bruce L	Library	Security Officer
Carroll, Catherine A	Human Services	Grants & Contracts Spec.
Carter, L Rodney	TES	Laborer
Corbett, Susan E	Seattle Center	Monorail Attendant
Daniel, Elizabeth M	City Light	Store Keeper
DeSilva, Ronald Leon	Library	Bldg Maint Wkr
Diehl, Edward J	SEATRAN	Truck Driver
Echert, James W	Finance	Strategic Advisor 3
Estep, James R	SPU	Inspector
Fortunato, Frank Mahoney	Light	Power Dispatcher Asst.
Francisco, Naomi G	Muni Courts	Admin. Spec. II
Friedlander, Anne-Marie	Finance	Strategic Advisor 2
Hamilton, Debra A	Parks	Special Events Scheduler
Jackson, Randolph	Parks	Recreation Leader
Johnson, Edith G	Library	Sr. Program Coord.
Kirkland, Mark T	Parks	Drainage & Wastewater Collection Wkr
Landry, Kari D	Seattle Center	Usher
Leneker, Kevin J	Personnel	Worker's Comp. Analyst
Lepak, Meria E	Parks	Zoo Keeper, Asst.
Mata, Alfred A	TES	Social Svcs. Aide
McCoy-Saline, Shawn Mikael	Light	Safety & Health Spec.
Mockler, Anna	SPU	Planning & Dev. Spec II
Oliver, Katharine E	SPU	Trng. & Educ. Coord, Sr.
Parada, Jose J	Seattle Center	Laborer
Pimentel, Jeffrey R	SPU	Civil Engineering. Spec. Sr
Rice, Kim Ane	Light	Hydro Maint Wkr I
Siddall, John Robert	DCLU	Mgmt. Sys. Analyst
Smith, Ricardo	HSD	Program Intake Rep.
Spitzock, Dorothy Dixie	Seattle Center	Laborer
Thomas Jr, Preston E	ESD	Bldg. Oper. Engr.
Thomas, Flimeka Caroline	Retirement	Retirement Spec.
Trainor, William P	Parks	Work Trng. Enrollee
Tulchin, Jon R	Library	Page
Tyler, Vicki Lee	Muni Courts	Admin. Spec. I
Van Valkenburgh, Susan M	SEATRAN	Gardener
Walker, Rachel A	Library	Page
Wilson, Julie A	TES	Customer Svc. Rep.
Wright, Troy	Water	Accountant

Ratification of Service Retirements:

Information: The following list represents the retirements that have been processed since the last Retirement Board meeting.

<u>Member</u>	<u>Retired</u>	<u>Years</u>	<u>Days</u>	<u>Department</u>	<u>Position</u>	<u>Age</u>	<u>Option</u>
Anderson, William F.	05/02/2002	30	2	SEATRAN	Capital Project Coordinator	56	S,F,G-100
Bean, Gary N.	05/08/2002	31	21	SPU	Laborer	52	C10,F
Brown, Mabel	05/02/2002	5	21	Human Services	Program Aide	72	S,G-100
Carman, Stanley J.	05/09/2002	11	126	Seattle Center	Building Operator Engineer	47	I
Charlton, Rae B.	05/03/2002	28	337	Library	Branch Manager II	63	D
Clevenger, Virgil	05/01/2002	5	31	Muni Courts	Admin Spec II	63	C5
Cross, Kenneth	05/02/2002	31	4	City Light	Cablesplicer	50	C20,G-50
Hammer, George	04/29/2002	30	28	City Light	Lineman	51	S
Haw, Roberta A.	05/06/2002	10	183	Law	Vested	57	S,G-100

Leaf, Mark A.	04/02/2002	30	10	K.C. Health	Admin Services Rep III	53	B
Lowenstein, James G.	05/08/2002	27	2	SPU	Solid Waste	65	E
Meredith, Colleen A.	05/13/2002	15	116	Police	Parking Enforcement	57	S
Merrigan, Kathleen A.	05/09/2002	20	75	City Light	Cablesplicer	45	I
Monet, Julia T.	05/02/2002	35	291	Police	Parking Enforcement	65	S
Pike, Dolly M.	05/08/2002	17	353	Fire	Admin Spec II	60	C5
Roletto, Richard A.	05/02/2002	30	43	SPU	Water Pipe Worker	54	D
Rosand, Keith	05/02/2002	28	96	City Light	Cablesplicer	55	S
Ruble, Shirley M.	05/07/2002	19	85	Law	Admin Spec I	67	S
Serebrin, Raymond	05/01/2002	22	328	Library	Executive II	54	E
Tomisser, James R.	04/13/2002	30	2	SPU	Solid Waste Field Rep	49	A
Tsuchiya, Jack Y.	04/30/2002	5	96	K.C. Health	Pharmacist	73	B
Vanderwerff, Joyce E.	05/03/2002	15	183	Parks	Volunteer Programs Coord	64	S
Walther, Karyn	04/13/2002	15	34	Fleets & Facilities	Janitor	61	C5
Wang, Ta	05/03/2002	33	111	City Light	Electrical Engineer	76	S,G-100
Winston, Jacqueline	04/30/2002	21	224	Muni Courts	Admin Spec I	52	S

Upon motion by Lou Walter, seconded by John Curtin, the Retirement Board approved the service retirements listed above, pending final review.

Ratification of Investment Transactions and Statement of Securities and Cash:

Upon motion by Dwight Dively, seconded by Frank Mathews, the Retirement Board approved the Investment Summary report.

Presentation of January 1, 2002 actuarial valuation report by Milliman USA.

Nick Collier and Karen Steffen of Milliman USA reviewed the results of the recently completed valuation. Nick stated that as of January 1, 2002 the System has a funding status of 87.5%, which is down from 112.8% as of January 1, 2000. He also stated that the amortization period of the underfunding is approximately 34 years. Karen described the System as “mature” and, like other mature systems, cash flow is slightly negative with benefit payments starting to exceed employee and employer contributions. Mel commented that during the course of the asset-liability study completed in 2001 this issue was addressed and mitigated by having adequate liquidity in all asset classes and thereby avoiding the need to increase the allocation to fixed income products for cash flow purposes. Karen suggested that the Board not overreact at this time, since the recent decline in value of fund assets may be short term if the financial markets begin to rebound. Investment earnings, rather than contributions, are the key to improving the System’s funding level.

Nick then reported to the Board that the cost of doubling the December bonus (13th check COLA) on an ad-hoc basis for one year is approximately \$3.5 million and would add approximately one year to the unfunded amortization period. Nick also reported that the cost of expanding the “pop-up” is approximately \$8 million and would add approximately 2.5 years to the unfunded amortization period. He further explained that doubling the 13th check COLA for one year would cause a 0.2% decline in the funding ratio, and expanding the pop-up would cause a 0.4% to 0.5% decline in the funding ratio.

Upon motion by Dwight Dively, seconded by Lou Walter, the Retirement Board voted to accept the actuarial report.

Dwight Dively departed from the meeting.

Investment Committee Report:

It was announced that the Investment Committee meeting that was scheduled for noon on Thursday, June 27, 2002 has been cancelled.

Wurts & Associates presented the first quarter 2002 investment performance report to the Investment Committee and Advisory Committee on May 30, 2002. Norm said the total fund increased in the first quarter slightly less than 1%. Small cap investments performed well, as did international equities and real estate; other asset classes were flat. The best fixed income performance was the in-house portfolio.

Executive Director Report:

The following summarizes the Executive Director's monthly report to the Board:

Due to the Board's regular meeting date falling on the 4th of July holiday, the July Board meeting has been rescheduled to Thursday, July 11, 2002.

Distributed at the meeting were the Retirement System's Annual Report for Year 2000, and a document entitled "Your Retirement Account Upon Leaving City Employment" which was written recently to assist members who terminate employment but are not eligible to retire.

Norm reported on the advice he received from the Law Department concerning training and educational opportunities for the Board. Such opportunities are generally available if reasonable and if covered in the budget. The Board discussed possible provisions for a policy on this subject, including training of newly elected Board members. A policy will be drafted, and Norm will bring it to the Board for review.

At their request, Norm met with the Palestine Solidarity Committee, a local citizen group. Also at their request, Mel provided the Committee information on the Retirement System's investments. This Committee objects to investment of Retirement System funds in certain companies. The Committee plans to attend the July 11 Board meeting to address the Board during the public comment section.

Norm reported on the interviews conducted by the Actuarial Review Committee. The firms interviewed were Milliman USA, Buck Consultants and William M. Mercer, Inc. The Committee's recommendation is that the Board approve the hiring of Buck Consultants to perform actuarial services for the period from July 1, 2002 to June 30, 2006, on the terms set forth in the RFP and Buck's proposal.

Upon motion by Frank Mathews, seconded by Lou Walter, the Retirement Board voted to hire Buck Consultants to perform actuarial services.

Old Business:

(1) Status of Benefit Enhancements

Norm informed the Board that the estimated current funding level of the Retirement Fund is 84.39% as of April 30, 2002.

New Business:

(1) Disability Retirement Application for George Davis.

Information: The Disability Committee recommended the Board approve the disability retirement application.

Motion: Upon motion by Lou Walter, seconded by Frank Mathews, the Retirement Board approved the disability retirement application for George Davis.

(2) Disability Retirement Application for Leslie Ward.

Information: The Disability Committee recommended the Board approve the disability retirement application, subject to periodic reevaluations.

Motion: Upon motion by Lou Walter, seconded by Frank Mathews, the Retirement Board approved the disability retirement application for Leslie Ward, subject to periodic reevaluations.

(3) Disability Retirement Application for Raymond Jans.

Information: The Disability Committee recommended the Board approve the disability retirement application.

Motion: Upon motion by Lou Walter, seconded by Frank Mathews, the Retirement Board approved the disability retirement application for Raymond Jans.

Jim Fletcher thanked the Board and said that he has enjoyed his service on the Board. Lou told Jim that he appreciated having him on the Board.

Adjournment

Upon motion by Lou Walter, seconded by Dwight Dively, the Retirement Board voted to adjourn the meeting.

Norma McKinney, Secretary